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FISCAL IMPACT STATEMENT

LS 7770

BILL NUMBER: SB 453

NOTE PREPARED: Jan 15, 2003

BILL AMENDED:

SUBJECT: Private Investigators and Security Guards.

FIRST AUTHOR: Sen. Meeks C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a program for the licensing of security guards. It makes certain changes concerning the licensing of private detectives and changes the term used in licensing from private detective to private investigator. The bill also provides that a person who engages in the private investigator or security guard business without a license commits a Class C misdemeanor.

The bill changes the name of the Private Detectives Licensing Board to the Private Investigator and Security Guard Licensing Board and adds two licensed security guards as members. The bill also requires the issuance of both a private investigator firm license and a security guard firm license to a person who holds a valid private detective license on July 1, 2003.

Effective Date: Upon passage; July 1, 2003.

Explanation of State Expenditures: This bill establishes a program for the licensing of security guards under the newly named Private Investigator and Security Guard Licensing Board. The bill also provides for the term private detective to be changed to private investigator. The fiscal impact of this bill on the Indiana Professional Licensing Agency (PLA), who provides administrative support for the currently named Private Detective Licensing Board, is dependent on board member and administrative expenses.

Board Member Expenses - The Board will need to modify rules and procedures governing private investigators and security guards. If an additional meeting of the Board is needed in order to make the required changes, the Board would incur approximately \$500 in additional per diem and mileage expenses. The bill also provides for one additional board member, which would make the cost of an additional meeting approximately \$582. Adding one member to the Board will also result in an annual cost increase of an

estimated \$800 if the Board meets monthly. This amount is based on the minimum \$50 per diem and at least 60 miles traveled, which is reimbursed at \$0.28 per mile.

Administrative Expenses - Changing the name of the Board will require the PLA to change stationery, forms, and other supplies that contain the old name. The PLA would also be responsible for notifying the public of the changes. Both of these provisions would be additional expenses for the PLA. Changing the term private detective to private investigator should have minimal fiscal impact on the PLA.

Regarding the licensing of security guards, the PLA could incur additional expenses that would include printing costs for applications and forms, and postage for reissue notices of the new proposed license. The PLA reports their cost associated with license and renewal forms is approximately \$190 per one thousand forms.

Explanation of State Revenues: Security guards and companies that supply security guards currently fall under licensure regulations for private detectives. Consequently, the PLA should receive about the same amount of license fee revenue if security guards are given a separate classification by this bill.

The bill provides that the PLA will assess a \$150 license fee if an individual applies for a security firm license. If the applicant already holds a valid private investigator firm license, the security firm license fee is \$50. The bill also provides that the private investigator firm license is \$50 if the applicant holds a valid security firm license. There may be a slight increase in fees collected due to this provision. Currently, applicants for a private detective license pay a \$150 fee and can presumably work as either a private detective or a security guard. Since the bill would create a license for a security guard, it is possible that some individuals may apply for both licenses, increasing fee revenues. As the proposed requirements of the security guard license are very similar to the current requirements of the private detective license, it is not certain that a large increase of new security guard licenses would occur. The specific impact from this provision is indeterminable.

As of December 2002, the PLA reported that 644 private detective agencies have active licenses. In addition, there were 13,910 authorized employees with active licenses. The following revenue was collected from private detective licensure between FY 1998 and FY 2002:

<u>Fiscal Year</u>	<u>Amount</u>
1998	\$115,177
1999	\$143,510
2000	\$104,450
2001	\$149,930
2002	\$123,746

Private detective license fees are deposited in the state General Fund.

There are two penalty provisions in the bill, a Class A misdemeanor and a Class C misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. The maximum fine for a

Class C misdemeanor is \$500. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class A misdemeanor is punishable by up to one year in jail. A Class C misdemeanor is punishable by up to 60 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the court fee (\$120 if a misdemeanor, \$70 if an infraction) that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Indiana Professional Licensing Agency.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Professional Licensing Agency, *Indiana Handbook of Taxes Revenues and Appropriations*; Office of the Auditor of State.

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